## Message Text

## UNCLASSIFIED

PAGE 01 TEHRAN 01455 141053Z ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W

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FM AMEMBASSY TEHRAN

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 1261

**UNCLAS TEHRAN 1455** 

E.O.11652: N/A TAGS: BBSR, IR

SUBJ: MARKET RESEARCH/SECTORAL SURVEY CONTRACT

REF: (A) USDOC 2260, (B) TEHRAN 1281

1. FOLLOWING RECEIPT REF A, FPM KLINE NEGOTIATED FOLLOWING PROPOSED CONTRACT AMENDMENT WITH MSR FOR SECTORAL SURVEY, AND STRONGLY RECOMMENDS USDOC ACCEPTANCE:

A. REVISED CONTRACT PRICE 36,534 DOLLARS, REPRESENTING

AUGMENTATION OF ORIGINAL CONTRACT AMOUNT OF \$28,400 BY \$8134.

B. CONTRACT AUGMENTATION OF \$8134 TO BE DIVIDED INTO

THREE INCREMENTS OF \$2711.33 AND REVISED CONTRACT PAYMENT

SCHEDULE OF THREE EQUAL PAYMENTS OF \$12,178 HANDLED AS FOLLOWS:

- 1) FIRST INCREMENT OF \$2711.33 TO BE PAID RETROACTIVELY.
- 2) SECOND PAYMENT TOTALING 12,178 TO BE AUTHORIZED

FOLLOWING USDOC ACCEPTANCE OF FIRST EIGHT SECTOR REPORTS.

3) THIRD PAYMENT \$9466.67 TO BE AUTHORIZED ON ACCEPTANCE

FINAL 7 SECOTR REPORTS BY FPM, ON CONDITION THAT

SOME MINOR SUPPLEMENTARY WORK COULD BE REQUIRED FOLLOW-

ING USDOC REVIEW.

4) FINAL INCREMENT \$2711.33 TO BE AUTHORIZED ONLY AFTER FINAL ACCEPTANCE ALL SECTOR REPORTS AND "OVERVIEW"  $\,$ 

BY USDOC.

5) PENALTY CLAUSE TO BE INCLUDED PROVIDING THAT

CONTRACTOR WILL FORFEIT ONE HUNDRED DOLLARS PER DAY FROM

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RENEGOTIATED CONTRACT PRICE FOR EACH DAY BEYOND MARCH 15 WHICH ANY OF 15 SECTOR REPORTS ARE NOT FULLY AND FINALLY ACCEPTED BY FPM, AND FOR EACH DAY BEYOND MARCH 20 WHICH "OVERVIEW" NOT FINALLY ACCEPTED BY FPM.

2. IN INITIATING NEGOTIATIONS KLINE DID NOT MENTION PRICE, BUT OUTLINED PROPOSED PAYMENT TERMS, STATING ONLY

THAT USDOC WILLING ADJUST CONTRACT AMOUNT TO SHOW GOOD FAITH, AND BECAUSE CONTRACTOR HAD INCURRED ADDITIONAL COSTS BEYOND HIS CONTROL. DORAN FULLY AGREEABLE PENALTY PROVI-SIONS BUT STATED PROPOSED FINAL BALOON PAYMENT WOULD NOT EASE HIS CASH FLOW PROBLEMS AND SUGGESTED ALTERNATIVES. BASED ON PARA 4 INSTRUCTIONS, FPM INITIALLY INDICATED \$7000 MAXIMUM AUTHORIZED BY USDOC AND THAT PAYMENT TERMS NOT NEGOTIABLE. DORAN COUNTERED WITH \$9500, BUT EVENTUALLY AGREED TO \$8134 PROVIDING USDOC COULD ACCOMMODATE HIM ON PAYMENT SCHEDULE. BELIEVE PROPOSED CONTRACT AMENDMENT REPRESENTS EOUITABLE COMPROMISE ON DORAN'S ORIGINAL REQUEST FOR ADDITIONAL \$12,000 WHICH PROTECTS GOVT INTEREST IN ASSURING PAYMENT MADE ONLY FOR WORK ACCOMPLISHED. PROVISION THAT FPM BE PERMITTED AUTHORIZE THIRD PAYMENT FOLLOWING USDOC REVIEW AND APPROVAL INITIAL 8 REPORTS NOT UNREASONABLE, WITH CONTINGENCY INCLUDED.

- 3. PLAN SEND REVIEW COPIES FIRST 4-5 COMPLETED REPORTS BY AIR COURRIER 13 OR 14 FEBRUARY SECOND INCREMENT TO FOLLOW IN 2-3 DAYS. TRANSMITTIAL WILL BE BY DHL CO. WASHINGTON OFFICE: ROOM 266,2ND FLOOR, WEST BLDG, WASHINGTON NATIONAL AIRPORT, PHONE: 703-684-8733/4. MR KEN KAY, MANAGER. DHL PROVIDES 48 HOUR DELIVERY SERVICE TEHRAN TO MRO OFFICE. WILL TELEX WHEN PACKET SENT.
- 4. REQUEST AUTHORIZATION TO DRAW UP CONTRACT AMENDMENT INCORPORATING PARA 1 REVISED PAYMENT SCHEDULE. MIKLOS

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## Message Attributes

Automatic Decaptioning: X

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Subject: MARKET RESEARCH/SECTORAL SURVEY CONTRACT

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